

**Supreme Court of the United States**

OCTOBER TERM 1944

AUG 24 1944

CHARLES ELMORE GROPLEY  
CLERK

No. 392

PARKE, AUSTIN & LIPSCOMB, INC., a corporation,  
SMITHSONIAN INSTITUTION SERIES, INC., a corporation  
ALFRED MONETT, individually, and as an officer of Parke,  
Austin & Lipscomb, Inc. and Smithsonian Institution  
Series, Inc.,

ROBERT A. HOGAN, JR., individually and as an officer of  
Parke, Austin & Lipscomb, Inc., and Smithsonian In-  
stitution Series, Inc., and

JOSEPH M. McANDREWS, individually and as an officer of  
Parke, Austin & Lipscomb, Inc.,

Petitioners,

*against*

FEDERAL TRADE COMMISSION,

Respondent. -

**PETITION FOR A WRIT OF CERTIORARI TO THE  
UNITED STATES CIRCUIT COURT OF APPEALS  
FOR THE SECOND CIRCUIT AND  
BRIEF IN SUPPORT THEREOF**

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# Supreme Court of the United States

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FEDERAL TRADE COMMISSION,                                      Respondent.

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## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT AND BRIEF IN SUPPORT THEREOF

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TO THE HONORABLE THE CHIEF JUSTICE AND THE ASSOCIATE  
JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

Your petitioners respectfully pray that a writ of cer-  
tiorari issue to review the judgment of the Circuit Court  
of Appeals for the Second Circuit entered in the above

entitled proceedings May 31, 1944 affirming an order of the Federal Trade Commission enjoining the petitioners from certain practices of an alleged unlawful character.

The broad ground for this application is that the decision of the Circuit Court of Appeals is predicated upon the theory that the principle laid down in the case of *Federal Trade Commission v. Royal Milling Co.*, 288 U. S. 212, has been overruled in effect as evidenced by the decision in *Herzfeld v. Federal Trade Commission*, 140 Fed. (2d) 207, and that it is important that this Court should review this case so that the confusion which otherwise would be injected into the law on this subject of wide commercial interest may be prevented.

### **The Facts**

The Commission found among others the following facts:

The petitioner, Smithsonian Institution Series, Inc., incorporated in 1926, is a subsidiary of the respondent, Parke, Austin & Lipscomb, Inc., a publishing house. The Smithsonian Institution Series, Inc. was incorporated pursuant to a thirty year contract made with the Smithsonian Institution of Washington, D. C. for the express purpose of publishing a series of books prepared by the officers and scientists of the Smithsonian Institution to be known as "Smithsonian Scientific Series" (Rec., pp. 314 *et seq.*). The corporate name, Smithsonian Institution Series, Inc., was selected by the Smithsonian Institution itself. The purposes of the Smithsonian Institution in entering into and carrying out this contract were expressly stated as (1) to spread knowledge and (2) to increase the endowment of the Smithsonian Institution by receipt of royalties (Rec., pp. 357-358). The books were to popularize the work of the Smithsonian Institution (Rec., pp. 357-358).

Since its incorporation the Smithsonian Institution Series, Inc. has employed approximately 414 salesmen who have solicited about 250,000 prospects and have taken more than 34,000 orders from individuals and institutions for the Series exceeding \$4,000,000 in value and the contract remains in full force and effect (Rec., pp. 294, 69, 70).

Before the Federal Trade Commission these petitioners showed that they exercised care in selecting, instructing and disciplining salesmen in order to avoid any impression in the minds of prospective purchasers that the Smithsonian Institution was actually the publisher of the Series. The Federal Trade Commission, nevertheless, found, on the basis of the testimony of 17 witnesses who in various degrees testified that they received the impression that the Smithsonian Institution of Washington was the publisher, that the corporation petitioner, Smithsonian Institution Series, Inc., and the individual petitioners directly and through salesmen, their agents, made false and misleading statements and representations to prospective purchasers to the effect that their salesmen were in the employ of or connected with the Smithsonian Institution of Washington, D. C.; that the books were published and sold by the Smithsonian Institution; that the entire profits derived from the sale of said books accrued to the Smithsonian Institution and that the sale of said books was restricted to a comparatively small number of selected individuals in each community. They also found that the acts and practices described were designed to and had the effect of causing purchasers to believe that they were purchasing the books designated as "Smithsonian Scientific Series" directly from the Smithsonian Institution of Washington, D. C.; that said books were published and sold by the Smithsonian Institution of Washington, D. C.; that the entire profits derived from the sale of said books accrued to the Smithsonian Institution of Washington, D. C.; and that they had been specially selected to act as patrons of the Smithsonian Institution of Washington, D. C.

### The Commission's Order

On these facts the Commission directed petitioners to forthwith cease and desist from

- (1) Representing, directly or indirectly, that respondents' salesmen or representatives are in the employ of the Smithsonian Institution of Washington, D. C., or have any direct connection with said Smithsonian Institution;
- (2) Representing, directly or indirectly, that the books sold and distributed by the respondents are published by the Smithsonian Institution of Washington, D. C.;
- (3) Representing, directly or indirectly, that the sale of said books is restricted to a selected number of individuals in any community or that any individual has been selected to act as patron of the Smithsonian Institution of Washington, D. C.;
- (4) The use of "patron certificates" of the Smithsonian Institution in such a way as to imply that a purchaser has been specially selected, because of prominence in the community, or for any other reason, or that such purchaser has contributed to a cause other than by the purchase of a set of books as an ordinary commercial transaction for profit;
- (5) The use of the words "Smithsonian Institution" in respondents' trade or corporate name, or in any other manner, to designate or describe an organization engaged in a commercial enterprise for profit, which is not a part of, or has no direct connection with, the Smithsonian Institution of Washington, D. C.;
- (6) Representing, directly or indirectly, that respondents are engaged in any enterprise other than that of a commercial enterprise for profit.

The Circuit Court of Appeals dismissed a petition to review and set aside the order to cease and desist issued by the Federal Trade Commission and affirmed said order in all respects.



### Questions Presented

The petitioners now do not complain of those sections of the order numbered 1, 2, 3, 4 and 6 as they maintain that heretofore they have always made conscientious efforts to comply with these prescriptions and that in truth and in fact there has been full compliance with them. Exception is now taken only to that part of the Commission's order numbered 5, which forbids "the use of the words 'Smithsonian Institution' in the trade or corporate name 'Smithsonian Institution Series, Inc.' " Petitioners maintain that this part of the order unnecessarily deprives the corporation of the good will associated with its obviously appropriate name used since its incorporation December 14, 1926, a period of almost eighteen years, and that such a drastic provision is not required to eliminate any possibility of confusion in the separate identities of the Smithsonian Institution of Washington, D. C. and the New York corporation, Smithsonian Institution Series, Inc. Such a phrase as "not connected with the Smithsonian Institution of Washington, D. C.", if added to the corporate title, would accomplish all the purposes desired by the Commission or to which it is entitled and the corporation, Smithsonian Institution Series, Inc., would not be deprived of its good will unnecessarily.

The decision below would limit judicial review of orders of the Federal Trade Commission to an extent not heretofore upheld by this court. It therefore involves an important question of Federal Law—whether that limitation of judicial power should be adopted by this court.

### Reasons for the Allowance of the Writ

It is submitted that the Circuit Court of Appeals erred in adopting herein the case of *Herzfeld v. Federal Trade Commission*, 140 F. (2d) 207 (1944), as correctly inter-

preting the intention of this court to overrule *Federal Trade Commission v. Royal Milling Co.*, 288 U. S. 212. Mr. Justice Hand in the *Herzfeld* case (*supra*) based his decision in that case upon the decisions of the Supreme Court in certain cases involving the National Labor Relations Board. He recognized no distinction between decisions involving the National Labor Relations Board and decisions involving the Federal Trade Commission. While the Supreme Court has held judicial review of remedies adopted by the National Labor Relations Board to be limited by the language of the Act of Congress creating it (49 Stat. 449, 29 U. S. C. Sec. 151 *et seq.*), it has never directly or indirectly overruled its decision in the *Royal Milling Co.* case (*supra*).

The opinion of Mr. Justice Chase of the Circuit Court of Appeals in referring to the requirement to eliminate the words "Smithsonian Institution" from the corporate name of the Smithsonian Institution Series, Inc. said:

"There may well be some alternative remedy less drastic but adequately effective which might satisfy the requirements of fairness and should be adopted. On this record, however, we cannot be sure that the Commission has abused its discretion in this respect, and only in that event should we interfere with its action. Compare, *Herzfeld v. Federal Trade Commission*, 2 Cir., 140 F. (2d) 207."

The concurring opinion of Mr. Justice Swan says:

"In my opinion paragraph (5) of the Commission's order which forbids the use of the words 'Smithsonian Institution' in respondent's trade or corporate name, is unnecessarily drastic. Until recently this court would have regarded itself as competent to modify an order which imposed a restraint broader than the necessities of the case required, as was done in *Federal Trade Com. v. Royal Milling Co.*, 288 U. S. 212, 128, and *Bear Mill Mfg. Co. v. Federal Trade Com.*, 98 F. 2d 67, 69 (C. C. A. 2). But in *Herzfeld v. Federal Trade Commission*, 140 F. 2d

207, we held that later decisions of the Supreme Court had in effect overruled the doctrine of the Royal Milling case, and that the court is now forbidden to disturb that measure of relief which the commission thinks necessary to protect against unfair methods of competition. Only because I feel constrained to follow the Herzfeld decision regardless of my personal views, am I willing to concur in affirming paragraph (5) of the order."

Both opinions indicate that the Circuit Court of Appeals acted under a misapprehension as to the attitude of this court.

It is respectfully submitted that a writ of certiorari should issue.

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RICHARD LINCOLN.

## **BRIEF**

### **Opinion of the Circuit Court of Appeals**

The opinion in this case is reported in 142 Fed. (2d) 437. It will be found at pages 478-486 of the printed transcript.

### **Grounds of Jurisdiction**

This was a petition to the Circuit Court of Appeals for the Second Circuit to review and set aside an order of the Federal Trade Commission. The jurisdiction of the court below was invoked under Section 5 of "an act to create a Federal Trade Commission, to define its powers and duties and for other purposes."

The decree of the Circuit Court of Appeals affirming the order of the Federal Trade Commission was entered on May 26, 1944 (Rec. 495-497).

The jurisdiction of this court was invoked under Section 5 of the Federal Trade Commission Act (38 Stat. 717) and under Section 240 of the Judicial Code as amended.

### **Statement**

A statement of the case and of the errors to be urged have been set forth in the petition.

## ARGUMENT

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The court erred in sustaining that part of the order of the Federal Trade Commission directing the petitioner, Smithsonian Institution Series, Inc. to cease and desist from the use of the words "Smithsonian Institution" in its trade or corporate name or in any other manner to designate or describe an organization engaged in a commercial enterprise for profit which is not a part of or has no direct connection with the Smithsonian Institution of Washington, D. C.

This court has always been loath to suppress use of established trade names. Where confusion between trade names has arisen, all that they have countenanced as required to bring about a distinction is the addition of such words to the trade name as may be necessary to accomplish this purpose. Such reaction to harsh rulings by the Federal Trade Commission involving trade names was set forth in the case *Federal Trade Commission v. Royal Milling Co.* (288 U. S. 212), where this court said in part:

"Although we sustain the Commission in its findings and conclusions to the effect that the use of the trade names in question and the misstatements referred to constitute unfair methods of competition within the meaning of the Act and that its proceeding was in the interests of the public, we think under the circumstances the Commission went too far in ordering what amounts to a suppression of the trade name. These names have been long in use, in one instance beginning as early as 1902. They constitute valuable business assets in the nature of good will, the destruction of which probably would be highly injurious and should not be ordered if less drastic means will accomplish the same result. The orders should go no further than is reasonably necessary to correct the evil and preserve the rights of competitors and the public; and this can be done, in the respect under consideration, by requiring proper

qualifying words to be used in immediate connection with the name. (A number of Federal Trade Commission cases are then cited.) This is a matter which the Commission has not considered but which as the body having primary jurisdiction it should in the first instance consider and determine. And in so doing it will be enough if each respondent be required by modified order to accompany each use of the name or names with an explicit representation that respondent is not a grinder of the grain from which the flour prepared and put out is made, such representation to be fixed as to form and manner by the Commission upon a consideration of the present record and any further evidence which it may conclude to take."

This case has never been formally or directly overruled by this court, but in 1944, the Circuit Court of Appeals for the Second Circuit in *Herzfeld v. Federal Trade Commission* (140 Fed. (2d) 207), (Mr. Justice Learned Hand, delivering the opinion) stated in effect that the Federal Trade Commission "possesses competence in its special field" which forbids the Circuit Court of Appeals to disturb measures of relief which the Commission thinks necessary to prevent unfair methods of competition. Mr. Justice Hand said in part:

"It does not follow that the relief granted should extend to an entire suppression of the word 'mills' and if we thought ourselves free to control the remedy we might be satisfied to modify the order by merely adding some such suffix as the Supreme Court thought adequate in *Federal Trade Commission v. Royal Milling Co.* \* \* \* and as we employed in the *Bear Mill Manufacturing Co. v. Federal Trade Commission* (98 Fed. (2d) 67)."

Mr. Justice Hand then went on:

"The Supreme Court has as much circumscribed our powers to review the decisions of administrative tribunals in point of remedy as they have already been circumscribed in the review of facts. Such

tribunals possess competence in their special field which forbids us to disturb the measure of relief which they think necessary. In striking that balance between the conflicting interests involved which the remedy measures they are for all practical purposes supreme."

Mr. Justice Hand, as authority for his decision, cites the following cases:

*International Association of Machinists v. National Labor Relations Board*, 311 U. S. 72, 82;  
*Phelps-Dodge Corporation v. National Labor Relations Board*, 313 U. S. 177.  
*Virginia Electric and Power Co. v. National Labor Relations Board*, 319 U. S. 533;  
*Williams Motor Co. v. National Labor Relations Board*, 128 Fed. (2d) 960.

As to these cases it is plain that they involve only an interpretation of the National Labor Relations Act creating the Board in question and hold that the remedies adopted by the Board, if appropriate, will not be disturbed. As stated in *Phelps-Dodge v. National Labor Relations Board* (*supra*), commencing at page 187:

"The powers of the Board as well as the restrictions upon it must be drawn from Section 10(c) which directs the Board 'to take such affirmative action including reinstatement of employees with or without back pay, as will effectuate the policies of this Act'."

We submit that these Labor Board cases show only that judicial review is limited by the language of the Act creating the National Labor Relations Board.

Though Mr. Justice Hand recognizes that the above cases all involve actions against the National Labor Relations Board, he stated that that board enjoyed no particular authority and cited:

*Gray v. Powell*, 314 U. S. 402;  
*Dobson v. Commissioner*, 320 U. S. 489;  
*Commissioner v. Heining*, 320 U. S. 467.

It may be well to consider these latter three cases separately:

*Gray v. Powell (supra)*, was an action brought by the Director of the Bituminous Coal Division of the Department of the Interior under the authority of the Bituminous Coal Code and Section 4a of the Bituminous Coal Act of 1937. All that was held by the court in that case was that Congress by the Bituminous Coal Code and Section 4A of the Bituminous Coal Act of 1937 left certain matters specifically to determination by the administrative body created under it, and that accordingly the function of review placed upon the courts was fully performed when the court determined that there had been a fair hearing with notice and an opportunity to present the circumstances and arguments to the decisive body and that the statute had been applied in a just and reasoned manner. It further stated that it is not the province of the court to absorb the administrative function to such an extent that the administrative or legislative agencies become mere fact-finding bodies deprived of the advantages of prompt and definite action.

*Dobson v. Commissioner (supra)*, was concerned with the income tax law. The Tax Court held that a certain item was taxable as ordinary income. The taxpayer claimed that there were presented questions of law to be determined by the Supreme Court rather than questions of fact finally to be determined by the Tax Court. The Supreme Court refused to overrule the court below, stating that it cannot be said as a matter of law that amounts recovered in actions for fraud in the sale of stock on the resale of which a loss had been taken which had been deducted in the taxpayer's income tax returns, were, although growing out of a transaction concerning capital assets, proceeds of the sale or exchange of capital assets so as to be taxable as capital gain rather than as ordinary income.



*Commissioner v. Heininger* (*supra*), was another tax case. The opinion was delivered by Mr. Justice Black. He stated that the question before the court was whether lawyers' fees and related legal expenses paid by the respondent are deductible from gross income under the Revenue Acts of 1936 and 1938 as ordinary and necessary expenses incurred in carrying on his business. He stated that except where a question of law is unmistakably involved a decision of the United States Board of Tax Appeals on the question whether an expenditure is directly related to a business and whether it is ordinary and necessary so as to be deductible in ascertaining taxable income should not be reversed by the Federal Appellate Courts since taking into account the presumptions supporting the commission's ruling a question of fact only is involved.

We respectfully submit that not one of the three cases (*Gray v. Powell*; *Dobson v. Commissioner*; *Commissioner v. Heininger*) is authority for Judge Hand's ruling that decisions by this court involving the National Labor Relations Board are controlling in dealing with decisions by the Federal Trade Commission.

The Federal Trade Commission Act, however, provides with particularity for appeals from orders of the Commission to the Federal Court. Section 5(c) thereof provides

"Any person, partnership or corporation required by an order of the Commission to cease and desist from using any method of competition or act or practice may obtain a review of such order in the Circuit Court of Appeals of the United States within any circuit where the method of competition or the act or practice in question was used \* \* \* To the extent that the order of the Commission is affirmed, the court shall thereupon issue its own order commanding obedience to the terms of such order of the Commission \* \* \* The judgment and decree of the court shall be final, except that the same shall be subject

to review by the Supreme Court upon petition for certiorari, as provided in Section 240 of the Judicial Code.”

Section 5(d) provides

“The jurisdiction of the circuit court of appeals of the United States to affirm, enforce, modify or set aside orders of the Commission shall be exclusive.”

Section 5(g) provides

“An order of the Commission to cease and desist shall become final \* \* \*

1. Upon the expiration of the time allowed for filing a petition for review, or \* \* \*
2. Upon the expiration of the time allowed for filing a petition for certiorari, if the order of the Commission has been affirmed or the petition for review dismissed by the Circuit Court of Appeals and no petition for certiorari has been duly filed, or
3. Upon the denial of the petition for certiorari if the order of the Commission has been affirmed or the petition for review dismissed by the Circuit Court of Appeals, or
4. Upon the expiration of thirty days from the date of the issuance of the mandate of the Supreme Court, if such court directs that the order of the Commission be affirmed or the petition for review dismissed.”

There is no limitation upon the power of the courts to review orders of the Federal Trade Commission, except such limitations as were imposed upon the power of the Appellate Courts to review orders of the lower courts. Upon such reviews the court has full authority to modify the orders of the Commission so that they shall comply with the general principles of law applicable to all court orders.

### Conclusion

WHEREFORE, it is respectfully submitted that the petition for writ of certiorari to review the decision of the Circuit Court of Appeals for the Second Circuit be granted.

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(11)  
No. 302

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In the Supreme Court of the United States

October Term, 1944

PAPER, AUGUST & LUTHER, INC., et al.  
Petitioners

Federal Trade Commission

vs.  
OF PETITION FOR WRIT OF HABEAS CORPUS  
STATE SUPREMACY COURT OF INDIANA  
CINCINNATI

BRIEF FOR THE FEDERAL TRADE COMMISSION  
IN OPPOSITION

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# **In the Supreme Court of the United States**

OCTOBER TERM, 1944

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No. 392

PARKE, AUSTIN & LIPSCOMB, INC., ET AL.,  
PETITIONERS

*v.*

FEDERAL TRADE COMMISSION

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*ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED  
STATES CIRCUIT COURT OF APPEALS FOR THE SECOND  
CIRCUIT*

---

**BRIEF FOR THE FEDERAL TRADE COMMISSION IN  
OPPOSITION**

## **OPINION BELOW**

The opinion of the Circuit Court of Appeals (R. 478) is reported in 142 F. (2d) 437. The findings of fact, conclusion, and order of the Federal Trade Commission (R. 48) are reported in 34 F. T. C. 591.

## **JURISDICTION**

The decree of the Circuit Court of Appeals was entered May 26, 1944 (R. 495, 497). The petition for a writ of certiorari was filed August 24, 1944. The jurisdiction of this Court is invoked



under Section 5 (c) of the Federal Trade Commission Act, as amended, c. 49, 52 Stat. 111, 15 U. S. C. 45 (c), and Section 240 (a) of the Judicial Code as amended by the Act of February 13, 1925.

#### QUESTION PRESENTED

Whether the Commission, having determined that the corporate name of petitioner, Smithsonian Institution Series, Inc., was deceptive and misleading, abused its discretion in requiring discontinuance of the use of the words "Smithsonian Institution" in petitioners' corporate name or otherwise, to designate an organization operating for profit and not a part of or directly connected with the Smithsonian Institution of Washington, D. C.

#### STATUTE INVOLVED

Section 5 of the Federal Trade Commission Act, as amended by the Act of March 21, 1938, c. 49, 52 Stat. 111, 15 U. S. C. 45, provides in part as follows:

(a) Unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are hereby declared unlawful.

\* \* \* \* \*

(c) Any person, partnership, or corporation required by an order of the Commission to cease and desist from using any method of competition or act or practice may obtain a review of such order in the circuit court of appeals of the United

States, within any circuit where the method of competition or the act or practice in question was used or where such person, partnership, or corporation resides or carries on business, \* \* \*. \* \* \* Upon such filing of the petition and transcript the court shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, evidence, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the Commission, and enforcing the same to the extent that such order is affirmed, \* \* \*. The findings of the Commission as to the facts, if supported by evidence, shall be conclusive. \* \* \*

#### STATEMENT

In a proceeding under Section 5 of the Federal Trade Commission Act, the Commission concluded that the acts and practices of petitioners, set forth in the Commission's findings, constituted unfair methods of competition in interstate commerce and unfair and deceptive acts and practices in such commerce (R. 56). The Commission thereupon entered an order directing petitioners to cease and desist from using in interstate commerce the acts or practices specified in six numbered subparagraphs of the order (R. 57-59). In a proceeding brought in the court below to set aside this order, the court upheld the validity of all of its provisions. The petitioner now seeks re-

view only of the affirmance of subparagraph (5) of the order, which requires petitioners to discontinue use of the words "Smithsonian Institution" in their trade or corporate name or in any other manner, as long as petitioners are operating for profit and are not a part of or directly connected with the Smithsonian Institution of Washington, D. C.

Petitioners do not now question the sufficiency of the evidence to support the findings of the Commission. Among these findings the following are pertinent:

Petitioner Parke, Austin & Lipscomb, Inc., and its wholly owned subsidiary, petitioner Smithsonian Institution Series, Inc., are New York corporations engaged in publishing and selling a 13-volume set of books designated "Smithsonian Scientific Series" (R. 49-50). As a result of negotiations between Parke, Austin & Lipscomb and the Smithsonian Institution of Washington, D. C., Smithsonian Institution Series, Inc., was organized in 1926 and entered into a contract with the Smithsonian Institution to publish a set of books from manuscripts furnished by the Institution. It agreed to reimburse the Smithsonian Institution for the cost of preparing the manuscripts, and to pay it a royalty of 10% of gross sales. (R. 51.) The purpose in organizing Smithsonian Institution Series, Inc., was to keep the sale and distribution of this set of books separate

from other publications sold by Parke, Austin & Lipscomb (*ibid.*). Apart from the royalty payment, no part of the profits of the enterprise go to the Smithsonian Institution (R. 53).

The Smithsonian Institution of Washington, D. C., is, and has long been identified in the public mind as, a nonprofit organization devoted to scientific research and the promotion of learning (R. 54). The use of the words "Smithsonian Institution" in the corporate name of petitioner, Smithsonian Institution Series, Inc., constitutes a false and misleading representation that this corporation is a part of, or connected with, the Smithsonian Institution (*ibid.*). This use and other acts and practices in which petitioners have engaged have a tendency to, and did, deceive a substantial part of the purchasing public into the erroneous belief that they were purchasing the books designated as "Smithsonian Scientific Series" directly from the Smithsonian Institution of Washington, D. C., and that the entire profits derived from their sale accrued to that Institution (R. 55).

With reference to the Commission's prohibition of use of the words "Smithsonian Institution," the court below said (R. 484):

There may well be some alternative remedy less drastic but adequately effective which might satisfy the requirements of fairness and should be adopted. On this record, however, we cannot be sure that the Com-

mission has abused its discretion in this respect, and only in that event should we interfere with its action. Compare, *Herzfeld v. Federal Trade Commission*, 2 Cir., 140 F. (2) 207.

#### ARGUMENT

The question whether the deception resulting from the use of the words "Smithsonian Institution" can be effectively cured by some means other than requiring elimination of these words from the corporate name, for example, by requiring that all letterheads carry the statement "The Company operates for profit and is not a part of the Smithsonian Institution of Washington, D. C.," involves no legal problem, resolution of which by this Court would serve as a useful guide to circuit courts of appeals in applying the Federal Trade Commission Act. The court below merely held that the Commission's determination as to the remedy necessary to terminate the unlawful practices which it had found should be set aside only upon a clear showing of abuse of administrative discretion, and that in this case such abuse was not shown. This decision presents no important or unsettled question of federal law, and it does not conflict with any applicable decision of this Court.

The petitioners seem to suggest that the holding below is in conflict with *Federal Trade Commission v. Royal Milling Co.*, 288 U. S. 212. In that case the Commission found that use of the words "mill" and "milling company" as part of the

corporate or trade names of companies which do not grind wheat into flour but mix different blends of purchased flour, was deceptive and tended to divert trade from competitors. This Court sustained the Commission's findings and conclusions, but was of the opinion that it "went too far" in ordering that the words in question be eliminated from the respondents' corporate and trade names. It said (p. 217):

The orders should go no further than is reasonably necessary to correct the evil and preserve the rights of competitors and public; and this can be done, in the respect under consideration, by requiring proper qualifying words in immediate connection with the names.

This decision has not been interpreted as laying down any general rule that a corrective statement to accompany a misleading trade name is adequate to remove the deception which it causes and that any contrary determination by the Commission is to be set aside as an abuse of discretion. *Federal Trade Commission v. Algoma Lumber Co.*, 291 U. S. 67, 81-82; *Federal Trade Commission v. Army & Navy Trading Co.*, 88 F. (2d) 776, 779-780 (App. D. C.). While the court below may have accorded somewhat greater weight to the administrative determination than did this Court in the *Royal Milling* case, a comparison of the facts of the two cases reveals that the reasons for the relief ordered by the Commission in this

case are a great deal more persuasive than those which could be said to justify the order in the *Royal Milling* case. Even a broader judicial inquiry as to the appropriateness of the remedy could hardly lead a court to conclude that the means chosen by the Commission to dissipate the misrepresentation implicit in the use of the name "Smithsonian Institution" is wholly inappropriate and arbitrary. In the *Royal Milling* case, this Court was strongly influenced by the fact that "These names have been long in use, in one instance beginning as early as 1902. They constitute valuable business assets in the nature of good will, the destruction of which probably would be highly injurious \* \* \*" (288 U. S. at 217). In this case, the value of petitioner Smithsonian's name is in greatest part a value which flows from its tendency to imply a unity with the Smithsonian Institution of Washington, D. C., for the publication and sale of the "Smithsonian Scientific Series" is petitioner Smithsonian's exclusive activity (R. 51).

Petitioners stress *Herzfeld v. Federal Trade Commission*, 140 F. (2d) 207, decided by the Circuit Court of Appeals for the Second Circuit in February 1944. The court in that case, in declining to amend an order of the Commission which required elimination of the word "Mills" from a trade name which the Commission had found to be misleading, said (p. 209) that decisions of this Court subsequent to the *Royal Milling* case

had "as much circumscribed our powers to review the decisions of administrative tribunals in point of remedy, as they have always been circumscribed in the review of facts." But although Judge Swan placed his concurrence in the decision below upon the ground that under the *Herzfeld* case, courts were without power to set aside the relief which an administrative tribunal believed to be necessary (R. 486), the majority opinion clearly does not regard judicial review of the remedy as foreclosed (R. 484). The *Herzfeld* case is cited, not as controlling upon the issue before the court, but as an analogous case in which the facts did not overcome the presumption of correctness attaching to the Commission's determination.

#### CONCLUSION

The ruling below is correct and there is no conflict of decisions. It is therefore respectfully submitted that the petition for a writ of certiorari should be denied.

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